

# NEWS RELEASE

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## **Former Air Freight Exec Sentenced To 30-month Prison Term for Inflating Invoices**

### ***KBR Paid \$1.14 Million "War Risk Surcharge" to Subcontractor EGL***

ROCK ISLAND, IL – A former Eagle Global Logistics, Inc. executive was sentenced today to 30 months imprisonment for inflating invoices by \$1.14 million in fraudulent "war risk surcharges" for military cargo shipments from Dubai to Baghdad under EGL's subcontract with Kellogg, Brown and Root, as announced by Rodger A. Heaton, United States Attorney for the Central District of Illinois. In addition to the prison term, U.S. District Judge Michael M. Mihm ordered Christopher Joseph Cahill, 41, of Katy, Texas, to pay a fine of \$10,000 and serve two years supervised release upon his release from prison. Cahill was ordered to report to the federal Bureau of Prisons on October 2, 2006, to begin serving his sentence.

Earlier this month, the Justice Department and the U.S. Attorney's Office for the Eastern District of Texas announced that EGL, Inc. has paid the United States \$4 million to settle potential civil claims under the False Claims Act based on the company's alleged inflation of invoices for military cargo shipments to Iraq.

Cahill served as EGL's regional vice president for the Middle East and India and was stationed at its regional office in Dubai from October 1, 2002 through April 8, 2005. In that capacity, Cahill was the highest-ranking EGL official in the region concerning the military shipments to Baghdad through EGL's subcontract with KBR under the LOGCAP III prime contract.

The U.S. Army program known as LOGCAP (Logistics Civil Augmentation Program) uses civilian contractors to support the logistical needs of the U.S. military forces. In December 2001, the LOGCAP III prime contract was awarded to KBR by the U.S. Army Operations Support command, with headquarters at the Rock Island Arsenal in Rock Island, Illinois, and is administered by the Army Field Support Command, also at the Rock Island Arsenal.

Cahill pled guilty on February 16, 2006, to adding a "war risk surcharge" for freight transported to from Dubai to Baghdad from late November 2003 through July 2004. During that time, EGL made approximately 379 air cargo shipments of military goods under its subcontract with KBR. The total amount of the EGL invoices was approximately \$13.26 million including \$1.14 million in fraudulent war risk surcharges.

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Cahill further admitted that when he became aware of a government investigation of EGL's charging of war risk surcharges to KBR, in March 2005, he directed a subordinate to create fraudulent invoices purportedly documenting the war risk surcharge billed to EGL.

Agencies conducting the investigation include the Defense Criminal Investigative Service, Houston, Texas, and the Federal Bureau of Investigation, Springfield Division. Also participating in the investigation were the Internal Revenue Service, Criminal Investigation Division, and the U.S. Army Criminal Investigation Division, North Central Fraud Field Office.

The case was prosecuted by Jeffrey B. Lang, Supervisory Assistant U.S. Attorney, Rock Island Division; Gregory R. Walters, Assistant U.S. Attorney, Peoria Division; and John Michelich, Senior Trial Attorney, Criminal Division, Fraud Section, U.S. Department of Justice.

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